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RUEHAD/AMEMBASSY ABU DHABI
RUEHAM/AMEMBASSY AMMAN
RUEHAK/AMEMBASSY ANKARA
RUEHGB/AMEMBASSY BAGHDAD
RUEHBJ/AMEMBASSY BEIJING
RUEHLB/AMEMBASSY BEIRUT
RUEHRL/AMEMBASSY BERLIN
RUEHEG/AMEMBASSY CAIRO
RUEHDM/AMEMBASSY DAMASCUS
RUEHDO/AMEMBASSY DOHA
RUEHKU/AMEMBASSY KUWAIT
RUEHLO/AMEMBASSY LONDON
RUEHMK/AMEMBASSY MANAMA
RUEHMO/AMEMBASSY MOSCOW
RUEHOT/AMEMBASSY OTTAWA
RUEHFR/AMEMBASSY PARIS
RUEHRH/AMEMBASSY RIYADH
RUEHKO/AMEMBASSY TOKYO

C O N F I D E N T I A L BRUSSELS 003343

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TAGS: EPET EUN XF XG

SUBJECT: EU-EGYPT ENERGY FORUM AND ARAB GAS PIPELINE

REF: SECSTATE 153799

Classified By: USEU EST CHIEF THOMAS SMITHAM, REASONS 1.4(B) AND (D)

¶11. (C) IN RESPONSE TO REFTEL REQUESTING INFORMATION ON THE RECENT EU-AFRICA-MIDDLE EAST ENERGY CONFERENCE IN SHARM EL SHEIKH, MISSION CONTACTED EU COMMISSION OFFICIALS IN DG RELEX (FOREIGN AFFAIRS) AND DG TREN (ENERGY) WHO ATTENDED THE CONFERENCE.

EU-AFRICA-ENERGY CONFERENCE

¶12. (C) IN GENERAL, THE COMMISSION VIEWS THE CONFERENCE AS A SUCCESS. ALTHOUGH SIGURD SCHMIDT AT TREN EXPRESSED DISAPPOINTMENT ABOUT THE LACK OF HIGH LEVEL REPRESENTATIVES, FAUZI BENSARSA AT RELEX HIGHLIGHTED THE FACT THAT 69 COUNTRIES PARTICIPATED (COMPLETE LIST AVAILABLE FROM GOE) DESPITE NUMEROUS SCHEDULING CONFLICTS. OVERALL, THE COMMISSION SEES THIS CONFERENCE AS THE INAUGURATION OF A NEW FORMAT FOR TECHNICAL DIALOGUE ON REGIONAL ENERGY SECURITY.

ARAB GAS PIPELINE: CURRENT STATUS

¶13. (C) THE ARAB GAS PIPELINE WAS DISCUSSED IN THE CONTEXT OF THE COMMON INTEREST OF ENERGY PRODUCERS, CONSUMERS AND TRANSIT COUNTRIES ATTENDING THE CONFERENCE. ALTHOUGH THERE HAS BEEN NO FORMAL EU ASSESSMENT OF THE PIPELINE, CONTACTS AT TREN AND RELEX EXPRESSED SATISFACTION WITH THE SECTION NOW IN OPERATION. CURRENTLY THE PIPELINE LINKS EL ARISH, EGYPT TO EL RIHAB, JORDAN (24 KILOMETERS SOUTH OF THE SYRIAN BORDER).

¶14. (C) ACCORDING TO BENSARSA AND SCHMIDT, SYRIA IS NOW WORKING ON EXTENDING THE PIPELINE TOWARD THE TURKISH BORDER. THEY, HOWEVER, REFUSED TO COMMENT ON THE COMPANY CONTRACTED BY SYRIA TO EXTEND THE PIPELINE

PLANS FOR EXTENSION: IRAQ (YES), ISRAEL (NO)

¶15. (C) BENSARSA ALSO STATED THAT SYRIA WAS BUILDING A LINK TO IRAQ. SIGMUND CLARIFIED THAT ALTHOUGH CONSTRUCTION HAS NOT ACTUALLY BEGUN, THERE WAS STRONG OPTIMISM THAT IT WOULD GIVEN

THE POSITIVE RESULTS FROM TEST DRILLING IN THE ANBAR PROVINCE. BENSARSA SAID THAT AN ADDITIONAL LINK TO ISRAEL WAS JUDGED POLITICALLY IMPOSSIBLE GIVEN CURRENT ISRAELI-SYRIAN RELATIONS.

EU INVOLVEMENT

¶ 6. (C) BENSARSA REPORTS THAT THE EU HAS NOW PLEDGED ITS FULL SUPPORT FOR COMPLETING THE ARAB GAS PIPELINE. ACCORDING TO HIM, THE LINK TO IRAQ WAS CRITICAL IN THE EU'S DECISION TO SUPPORT THE PROJECT BECAUSE IT WILL PROVIDE ENOUGH POTENTIAL VOLUME TO MAKE THE INVESTMENT WORTHWHILE. SIGMUND SAID THAT ALTHOUGH NO FIRM COMMITMENT HAD BEEN MADE YET, THE COMMISSION HAD AGREED IN PRINCIPLE TO HELP PUSH THE EUROPEAN INVESTMENT BANK (EIB) TO SECURE THE FINANCING NECESSARY TO COMPLETE THE PROJECT. BOTH SOURCES SAID THAT THE EU WOULD BE MEETING THE RELEVANT MINISTERS IN JANUARY OR FEBRUARY 2008 TO WORK OUT THE REMAINING DETAILS OF EU COLLABORATION.

TURKEY BLOCKING CONNECTION TO EU MARKET

¶ 7. (C) ACCORDING TO BENSARA, TURKEY IS THE ONLY REMAINING OBSTACLE TO CONNECTING THE ARAB GAS PIPELINE TO THE EU MARKET. ACCORDING TO HIM, TURKEY CONTINUES TO USE ITS STRATEGIC POSITION TO BLOCK THE FREE TRANSIT OF HYDROCARBONS BY INSISTING ON BUYING AND SELLING INSTEAD OF ACTING AS A FULL TRANSIT COUNTRY.

MURRAY

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